

Washington, DC — Today, Congressman Joe Sestak voted to increase the federal minimum wage by \$2.10, from \$5.15 to \$7.25 an hour, the first time the minimum wage has been increased since 1997. The bipartisan bill raises the minimum wage over a two year period (to \$5.85, 60 days after enactment; to \$6.55 one year later; and to \$7.25 two years later). The minimum wage increase was included in H.R. 1591, the Emergency Supplemental spending bill for Iraq.

"If we are going to rebuild the middle class, we will need higher incomes – not just more jobs," stated Congressman Sestak, a member of the House Committee on Education and Labor and a cosponsor of legislation raising the minimum wage. "Today's vote raising the minimum wage restores fairness for workers, including over 9,000 alone in Delaware County."

The real value of today's minimum wage, adjusted for inflation, is at its lowest point since 1955. Increasing the minimum wage would add \$4400 per year for a family a three, equaling 15 months of groceries, over two years of health care, or over two years of community college tuition. Raising the minimum wage to \$7.25 over 26 months will benefit an estimated 6.6 million workers directly and another 8.3 million indirectly. This includes hundreds of thousand of parents with children under the age of 18. About three-quarters of minimum wage workers are adults over the age of 20, many who are responsible for over half of their families' income. Almost 60 percent of these workers are women and 40 percent are people of color.

A 1998 Economic Policy Institute study failed to find any systematic, significant job loss associated with the 1996-97 minimum wage increase. In fact, following in the minimum wage in 1996-97, the low-wage labor market performed better than it had in decades with lower unemployment rates, increased average hourly wages, increased family income, and decreased poverty rates. Yet, to ease the burden placed on small businesses, today's legislation also included tax credits and provisions aimed at benefiting small businesses. Specifically, it extended for 44 months, through August 2011, the Work Opportunity Tax Credit (WOTC), which provides a credit to businesses that hire certain disadvantaged workers, and it expands the eligibility criteria for certain targeted groups. The legislation also extends Section 179 expensing to 2010. Under Section 179 of the tax code, small businesses are permitted to deduct from their taxes, or "expense," the cost of certain purchases in the year the items are placed in service, rather than depreciating the costs of those items over a period of time. And the agreement allows joint ventures owned by a husband and wife to avoid being treated as a partnership for filing purposes, if both spouses elect to do so. Under current law, when spouses jointly own an incorporated business, they each must file a partnership tax return, which is a very cumbersome and lengthy process. This provision would prevent the spouses from being subject to penalties for failing to file as a partnership.

“People who work every day deserve to be treated with integrity and respect, and they deserve a living wage,” added Joe. “No one can meet even the most basic expenses on today’s minimum wages, yet millions of Americans are forced to try and do just that every day. I am proud to have fought for this increase which will benefit millions of Americans. No one who works for a living, should have to live in poverty.”

The minimum wage increase was included in the conference Report to H.R. 1591, the U.S. Troop Readiness, Veterans’ Health and Iraq Accountability Act, and now awaits action by the President.

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. □ According to the office of the House Historian, Joe is the highest-ranking former military officer ever to serve in the U.S. Congress.

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